ABSTRACT

A method of achieving cost effective funding by providing a financial guaranty in the form of reinsurance to an insurance company to insure the lender's or a third party's loans. The financial guaranty enables the lender (i.e., the originator of the loan) or a third party to retain a first loss on a pool of assets such as, for example, a pool of loans underwritten by the lender or third party. The financial guaranty preferably provides sufficient coverage for loan losses that may occur due default of a loan or a pool of loans and induces an insurer to issue the insurance.